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TO : Acting Comptroller

DATE: 21 JUN 1956

FROM : Chief, Technical Accounting Staff

SUBJECT: Visits to WE Field Stations

1. Visits to five field stations in the WE area were made during the period 23 May through 7 June 1956 to review finance operations as performed at both Class A and Class B stations in the area. At each station visited a complete review was made of all finance activities performed. The detailed procedures and forms utilized in the stations for documenting and recording financial transactions were given particular attention as well as the cash and allotment control techniques in effect. General comments relative to the individual stations are set forth in this memorandum.

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2. [REDACTED]

a. Review at this station disclosed that the finance activities are well performed under the Chief, Finance Officer and one assistant although considerable overtime is required to keep the station records and reports current. It appears that with the volume of activity performed at this station an additional finance employee should be provided. The view was expressed by the Chief, Finance Officer that a clerk-typist employee in addition to the present staff would provide an adequate finance staff based upon present workload requirements. For the current fiscal year the station has 44 allotments and disburses very substantial amounts of funds.

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b. Funds are acquired at the official rate [REDACTED] from the [REDACTED] at a current rate of approximately [REDACTED]. For the period February through April 1956 more than half of currency acquired was obtained from [REDACTED]. The Finance Officer indicated that from the station viewpoint there is no objection to larger amounts being provided by the [REDACTED] Station. This matter may warrant further attention by the Finance Division.

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3. []

a. Review of station finance activities disclosed that the records and reports are well maintained and prepared and that good practices are in effect relative to controls of cash funds. There has been, however, no effort to maintain control over obligations incurred prior to the actual expenditure of funds. This matter was the subject of a recommendation to the station that the procedures prescribed for Class B stations under [] be followed.

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b. It was noted in this connection that practically all disbursements are made in [] and that maintenance of the Allotment Control Record in this currency instead of the dollar equivalent would be more simple. It is recommended that this be considered for optional treatment in the next revision of [] without change, however, in the present requirement that for reporting purposes the dollar equivalent be shown in the monthly status of allotments schedule.

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c. The allotments for the fourth quarter of the current fiscal year had not been received by the station on 28 May 1956 with the result that several allotments had been over-obligated at the time of my visit. This matter should have the attention of the Area Division.

d. It was recommended by station personnel that the Allotment Control Record be provided by headquarters on a ruled form in order to facilitate maintenance by Field stations.

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e. It was recommended by station personnel that currencies be sent to the station [] in order to avoid possible questions which may develop from other means of transmittal. In a recent instance funds were brought to the station by covert means, thus incurring a risk of their being discovered [] effect []

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f. The station has been following the practice of preparing a disbursement voucher (Form 33-57) to cover each disbursement transaction, including those where other voucher forms support the disbursements, such as Form 33-12 and 33-58. It is recommended that the Finance Division advise the station that this practice may be discontinued and the original documents may be treated as the disbursement vouchers.

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4.

a. This station is now staffed with a Chief, Finance Officer and two other finance employees. The finance activities were reviewed and are being performed in a competent manner with proper records and reports and satisfactory control techniques over cash available and allotted funds. The recent additional finance employee should enable the finance operations to be performed currently at all times based upon present workload requirements.

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b. The station conforms more nearly with the accounting procedure prescribed for Class A stations in than any other station visited. It finds the prescribed forms generally adequate for all purposes, but made several recommendations as to detailed provisions. The station posts each individual disbursement document in its General Journal, Cash Subsidiary Record, and Allotment Control Record and believes this method preferable to recapitulating disbursement documents for posting purposes. It recommends (1) rulings on accounting forms, (2) printing the General Journal on two sides, and (3) providing on the Advances subsidiary ledger for separate columns for debits, credits, and balances of indigenous currencies.

c. Discussion developed relative to headquarters intention concerning adjustments to memorandum control accounts in cases where transfers are made to the station of disbursements to projects. A question arises as to the basis of write-off, where transfers do not reflect the applicable currency acquisition rates and where the accountings of the project are in terms of a foreign currency. References were made to dispatches relative to dated 26 October 1955 (No. 16985), 18 February 1956 (No. 19204), and 29 May 1956 (No. 12298). The station requested in the 18 February 1956 dispatch as to whether it should use the legal rate in adjusting the memorandum control account; however, the reply dated 29 May 1956 did not include an answer on this point. This matter should be the subject of further advice to the station.

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5.

a. The finance records at this station are at present maintained by an employee recently transferred from headquarters who had no previous experience in finance work. The records were found to be carefully maintained and reflected a good understanding of prescribed procedures.

b. The station does not record obligations against allotments except when actual expenditure documents are processed. This matter was reviewed with the employee maintaining the finance records and was made the subject of comment in a discussion with the Deputy Chief of Station. The station does not receive allotments currently in

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some cases and operates against either no actual allotment or an insufficient allotment pending receipt of allotment advices from headquarters. It is recommended that this matter have the attention of the Area Division.

c. In the most recent audit report comment was made that advances are not approved in writing before funds are disbursed. A simple form of request for advance was developed and provided to the employee who maintains the finance records so that the necessary approvals may be obtained. In discussing this matter with the Deputy Chief of Station he expressed concern that this requirement may prove burdensome and result in retarding operations in the absence of the Chief of Station. It was indicated that approval authority can be delegated in writing by the Chief of Station to the extent deemed appropriate and, if desired, a standing authorization could be provided permitting advances within set limitations to specific officials or employees.

d. A number of suggestions were made to improve and simplify the records as maintained at the station, including (1) the maintenance of a continuous record of allotments and obligations for each allotment symbol instead of initiating a new allotment control record each month, (2) the merging of numerous payments to the same individual on a single disbursement voucher, and (3) the use of an improved form of subsidiary record of advances to provide a "balance" column.

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6.

a. The finance records at this station were found to be generally well maintained. The employee assigned to this activity has a good understanding of the requirements except that no effort is made to record obligations in advance of the recording of the actual expenditures. Where most activities do not involve the incurrence of obligations prior to the expenditure of funds the importance of recognizing obligations is minimized; however, for certain types of obligations

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such as those involving extended travel or purchases of substantial items of equipment and supplies, the obligations should be recorded before expenditure occurs. It was recommended to the employee assigned to Finance that the procedure prescribed in for Class B stations be studied and applied.

b. All finance transactions are recorded currently in the Cash Journal and periodic cash counts are made, usually weekly, to assure that funds are in balance with the records. At the end of each month summary vouchers are prepared for blocking individual transactions by projects and activities to facilitate postings to the Summary Accounting and Allotment Control Record; at this point the vouchers are assigned sequence numbers which are then cross-referenced in the Cash Journal to the individual transactions. It was pointed out that this method of posting the Allotment Control Record fails to identify instances of over-obligation of allotments and it was recommended that this record be posted for detailed transactions at least whenever the allotment balances may be over-obligated by current transactions.

c. At this station no procedure is in effect to provide approvals of individual disbursements prior to the outlay of funds. The individual staff members work closely with the Chief and the employee assigned to maintain finance records as a matter of precedent usually is knowledgeable of the authorities for disbursing funds. Whenever any unusual expenditures are required, the Chief so advises the employee assigned to maintain the finance records or adequate documentation in the form of dispatches or cables are available to support the disbursement action. At the end of the month the entire documentation of disbursement activities is referred to the Chief and he signs each summary disbursement voucher and the Summary Accounting.

d. A suggestion was made by the employee assigned to maintain finance records that the Disbursement Voucher form provide a column for showing object classifications so that this identification can be shown on these vouchers instead of on the Summary Accounting in cases where there are several object classifications affected by the same voucher.



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| 2 | 1039 | | |
| 3 | Chief TAS | JANE | 8/26 |
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